GOVERNMENT OF INDIA
PETROLEUM AND NATURAL GAS
LOK SABHA

UNSTARRED QUESTION NO:4930
ANSWERED ON:10.05.2007
REDUCTION IN TAXES
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Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether a relief has been provided to the selling price of petroleum products by reducing the rates of excise and Central Sales Tax in the budget for 2007-08;

(b) if so, the amount of profit likely to be earned by Oil Manufacturing Companies (OMCs) due to reduction in excise and Central Sales Tax on an annual basis;

(c) whether the Government has any proposal to percolate the said profit to consumers;

(d) if so, the details thereof; and

(e) if not, the reasons therefor?

Answer

MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRI DINSHA PATEL)

(a): In the Union Budget 2007-08, the ad valorem excise duty component on petrol and diesel has been reduced from 8% to 6%. The rate of Central Sales Tax on petrol and diesel has been reduced from 4% to 3%. The prices of petrol and diesel were revised downwards on 16.2.2007 by Rs.2/litre and Re.1/litre respectively at Delhi. Since the retail selling price of petrol and diesel continue to be below the international prices, no further downward revision was made in their prices.

(b): The estimated annual impact of reduction in excise duty for petrol and diesel is around Rs.2700 crore.

(c)to(e): International price of crude oil and petroleum products have gone up sharply since March 2007. Based on the current international price, the OMCs are suffering under recoveries in marketing sensitive petroleum products. The estimated under-recoveries in respect of sensitive petroleum products are given below:

Petrol Rs./Litre 4.32

Diesel Rs./Litre 3.69

PDS Kerosene Rs./Litre 14.11

Domestic LPG Rs./14.2 KG Cylinder 160.71

x-x-x-x-x-x-x